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Winnipeg, 2nd May, 1887.

THE HON. JOHN NORQUAY, M.P.P.,
Winnipeg.

MY DEAR SIR, In reference to the proposed railway to the Boundary of the Province I think it is well that I should define to you my position in the matter.

In the first place I am anxious on public grounds that this road should be constructed, because I believe the Province can never be in a satisfactory condition until it has competition in railway rates. In the next place I am desirous, and have been for several years, that the Manitoba and Northwestern Road should have an outlet, either at Winnipeg or at the Boundary of the Province. These are the two great objects I have in view in taking part in this matter. I am not particularly anxious to be personally concerned in the building of the road, because I have found from my past experience, that at one stage or another, I have had to incur a very large personal liability; this liability I am practically free from at present, and have no wish to incur it again, but as it happens I am in such a position as to make it unavoidable that I should take an active interest in the construction of the new road. I have considerable interest in Winnipeg and the surrounding country, as well as a large stake in the Manitoba Northwestern Railway, and the new road would benefit these in common with those of every man in the Province, and in order to ensure the construction of the proposed road from Portage la Prairie to the Boundary at the lowest possible cost, I feel that it is very important to take an interest in its construction. You will readily see that if this road is built at a high rate the result will be that it will largely defeat its utility to the Province, as its rate of freight must necessarily bear a corresponding ratio to its cost. Besides having the interests just mentioned, I am in this position: I have made an explicit arrangement with the Northern Pacific Company whereby a connection at the Boundary can certainly be had not later than the 1st October next. The Northern Pacific is in alliance with the Grand Trunk Railway, which is the road we wish to bring into Manitoba, and by connecting with the Northern Pacific the Grand Trunk Railway CAN be brought into Manitoba.

It is further a part of my scheme to utilize, in connection with the Grand Trunk, the Allan Steamship Company, in connection with immigration to this Province, and you will thus see that there is an harmonious combination of most powerful corporations which can be utilized with the most satisfactory results in the settlement of the Province.

I need not point out to you that the influence of the Grand Trunk Company, both as regards freight rates and immigration is simply incalculable, inasmuch as its enormous staff of agents, both in this country and in Europe would at once be converted into an emigration staff for the purpose of settling our vacant lands. We would practically give the Grand Trunk a Northwest of its own to colonize, by making available for this purpose the vacant lands in Manitoba in private hands, the vacant Provincial Government lands, the vacant Dominion lands in Manitoba along the line of the Manitoba and Northwestern Railway, and the lands of the Manitoba and Northwestern Railway itself. The result of this connection with the Grand Trunk would, in my opinion, be an immediate rush of people to this Province, and the assuring of its future prosperity on a permanent basis, objects which cannot be obtained in any other way.

I am further very much impressed with the necessity of forming the connection to the Boundary without any delay, for two reasons:—One is that a "boom" at present exists in railway construction in the Northwestern States. This "boom" will last just as long as money is easy, and when the first tightness occurs it will break, as "booms" have broken before; and if we do not succeed in making the connection during the next four or five months, it may be years before another opportunity occurs. The other reason is that the chief temptation of roads to the south of us to come in here is to make connection with the Manitoba Northwestern Railway which traverses, as you are aware, the richest portion of the country. Now this road is the only independent road in the Northwest, and through it railway competition can be given immediately to points on the Canadian Pacific Railway as far west as Brandon, and ultimately to an indefinite extent. Now if this road should lose its independence, of which there is great danger if an immediate connection is not made, you will see that there will then be no inducement to the Grand Trunk or any other road to come into the Province.

I have written you at length on the matter, because I found my action embarassed by the parties who have obtained charters or letters patent to construct lines to the Boundary. None of these parties can make adequate connections. Their object is simply to make as much money as they can out of the construction of the road, and if the Provincial Government does not select and assist the strongest and most comprehensive scheme, the result will be disastrous to the purpose in view; and I wish to free myself of all responsibility in the matter, for I feel that I have undertaken, in attempting to gain competition in railway rates for Manitoba, a very grave public responsibility, and I am desirous—apart altogether from personal interests, which I freely admit are very large—that my efforts should not be embarassed or thwarted by the abortive attempts of parties who are utterly incapable of carrying the scheme to a satisfactory termination.

I remain,

My dear Sir,

Yours very truly,

(Sd.) D. MACARTHUR.

MEMORANDUM

Winnipeg, May 9th, 1881

The Directors of the Manitoba Central Railway Company, recognizing the difficulties that involve the construction of the proposed railway, beg to submit the following proposition for the consideration of the Government:

1. The construction of a railway from Winnipeg to the Boundary Line will not meet the requirements of the situation, as only Winnipeg would be emancipated from the control of the Canadian Pacific Railway by such a line. The extension of a line from Portage la Prairie to Winnipeg, must, therefore, form a part of the scheme. The ascertained distance from Portage la Prairie to Winnipeg by the south of the River Assiniboine is sixty miles. From Winnipeg to Emerson by the west bank of the Red River, including a branch to West Lynne, is sixty-nine miles. The necessary sidings and switches for the use of the two lines amounts to six miles, making 135 miles in all. In order to accommodate the difficulty it is proposed that the Manitoba Central Road shall build from the City of Winnipeg to the Town of Portage la Prairie, a distance (including switches and sidings) of sixty-five miles, and that the Red River Valley Railway shall be built from South Winnipeg Junction to West Lynne and Emerson, a distance of sixty-five miles.

2. That the Government of the Province shall, under the "Amendment to the Railway Aid Act," guarantee bonds of the Manitoba Central Railway Company, to the extent of $8,000 per mile for sixty-five miles.

3. That when and so soon as the Red River Valley Railway is completed for operation, the Manitoba Central Company's trains shall have a right of way over its track and operate the road for traffic purposes, and when and so soon as the Red River Valley Railway is completed it shall be leased to the Manitoba Central Railway Company for a term of ninety-nine years, they paying rental therefor at the rate of five per cent. on its estimated cost of $8,000 per mile.

4. That when and so soon as the Manitoba Central Railway Company undertake the operation of the whole line, the Government of the Province shall guarantee the equipment bonds of the Manitoba Central Railway Company to the extent of $2500 per mile of the line operated, say 135 miles in all.

The amount of bonds so to be guaranteed would be as follows, viz.:—

Construction bonds, $8,000 per mile on 65 miles of road . .	$520,000 00
Equipment Bonds, at $2,500 per mile on 65 miles of road . .	162,500 00
	$682,500 00
Equipment Bonds, at $2,500 per mile on 65 miles leased line . . .	$162,500 00
Total guaranteed bonds	$845,000 00

The interest at five per cent on guaranteed bonds would amount annually to $42,250 00
and five per cent. on $520,000 for lease Red River Valley Railway line to $26,000 00
making a total of $68,250 to be paid annually by the Company to the Government for rental and interest.

The Company thinks that the guaranteed bonds could be negotiated for about ninety per cent. This would yield the Company in the neighborhood of $760,500, while they estimate the cost of building the road and furnishing first equipment at $957,480, including iron bridges at Winnipeg and Portage la Prairie over the Assiniboine River.

The Manitoba Central Railroad Company considers that by making connection at Emerson and West Lynne with the Northern Pacific and St. Paul, Minneapolis and Manitoba Railroads, the net earnings of the road would be at least equal to the net earnings of the St. Paul, Minneapolis and Manitoba per track mile, for last year. This was $2460 per track mile, but supposing the net earnings were only $1000 per mile, the Company could then more than pay the interest on its bonded debt at $16,000 per mile or $80,000 per annum.

The construction of the road at this low cost for rental would ensure cheap rates, as the rental ($68,250) and the sinking fund for the redemption of guaranteed bonds ($27,300) would only necessitate a net income of $95,550 per annum or about $700 a track mile operated.

Winnipeg, 11th May, 1887.

THE HON. JOHN NORQUAY,

SIR,—Since the interview of Monday last, when the delegation from our Board of Directors exchanged their views with members of the Government, I have had the opportunity of calling our Board together, and now beg to draw your attention, unofficially, to their opinion of the situation. In doing so I would refer to the past history of our organization and especially to an interview held with you personally, in May, 1884, when, through your assistance, the charter of the Manitoba Central Railway was extended from Morris to the Boundary. I would recall to your recollection that had the "Act to amend the Act to incorporate the Manitoba Central R.R." been forwarded immediately to Ottawa, that popular feeling ran then as high as now, and that the Company I then represented was prepared to build the road in question. But after waiting a year, and supposing that the Federal Government had passed over our Act, or had designedly left it to its operation, we found that it had not been sent to Ottawa until within a short time before the expiration of the year within which the Dominion Government has the power to disallow the Provincial Acts of Parliament. The work of construction was therefore postponed until the intention of the Dominion Government was definitely understood. You are aware that means were taken to keep alive the popular interest in the enterprise, and that the organization of the Manitoba Central Railway has been maintained and actively at work since 1883.

It was, consequently, with some surprise that the Company found that their claims to recognition by the Government were being postponed to those of a body of men who have no past organization and no present object other than to obtain the work of construction of the Railway. On the other hand, the Manitoba Central Railway Company has *for years* been in touch with and elicited the sympathy and assistance of some of the most powerful railway organizations of the United States and Canada, with a view to the *operation* of the proposed line—not with a mere contractor's view—but as a permanent advantage to the City and Province, with whose prosperity and future their own prosperity and future is so largely involved.

Personally, I may confidently say the Board of Directors of the Manitoba Central Railway have no expectations of profit from the construction of the road. They have already made arrangements for carrying on the work in the most economical manner consistent with efficiency, as a link in a future trunk system. The desideratum aimed at by the Company was to build the road as cheaply as possible, so that low rates of freight could be maintained without loss.

The Manitoba Central Railway Company has always had in view the connection with the Manitoba and Northwestern Railway at Portage la Prairie, not only as a means of giving an outlet to that system, but also as a means of reaching the Northwest angle of the Province and extending to it, as well as to the immediate vicinity of Winnipeg, the benefits of competing rates. By the extension of a line from Rapid City to Brandon competition is carried into the western centre of the Province, and by extending a line from Brandon southwest, (and either the C. P. R. must do it, or another organization will) railway facilities and cheap rates will give new life to the entire Province.

This end cannot be accomplished by a line which will simply connect Winnipeg with the Boundary. Such a line will emancipate Winnipeg, but will do little for the more remote portions of the Province. This will give a local caste to the enterprise which will do much to discredit it outside the Province, where the agitation is supposed to be confined to Winnipeg. The delegation from our Board of Directors has already discussed this matter at length with members of your Government, and I need not, therefore, dilate upon the importance of this view of the case.

Our delegation proposed, on behalf of the Company, that the Government should guarantee the bonds of the Company to the extent of $8,000 per mile, the Company building 65 miles of road, from the City of Winnipeg to the Town of Portage la Prairie, and that the Government should construct the Red River Valley R.R. and lease it to the Company at a rental of 5% on $8,000 per mile.

So far as the term for which bonds are to be issued, I have made inquiry from good authority and am informed from one source that "No market can be found for five-year 5% guarantee bonds except at heavy discount." From another source I learn that "Guarantee bonds for Provincial aid to Railways should run at least twenty years to be profitable for investors. No market for short term bonds." I find also that some difficulty might be experienced in placing so small an amount of guaranteed bonds as it is proposed to the Government shall be issued to the Manitoba Central R.R. Company.

The Directors of the Manitoba Central Railway Company therefore propose an alternative to the scheme for guaranteeing twenty-five year five per cent. bonds, as proposed to the Government, as follows:—Section 32, of the Red River Valley R.R. Bill proposes that $1,000,000 shall be raised for the construction of a road from Winnipeg to the Boundary line. This sum is more than sufficient for the purpose. One half the sum will be sufficient to build the road for operation, as follows:

Earthwork 63 miles, at 11c	$125,000 00
Ties, at 40c per tie	70,000 00
Rails, at $40.00 per ton	228,800 00
Fastenings	21,450 00
Tracklaying, $300.00 per mile	19,500 00
Bridges, Culverts and Waterways	14,400 00
Engineering and other expenses	20,850 00
Total	$500,000 00

the other half million to be devoted to similar construction on the Manitoba Central Railway to Portage la Prairie. On completion of the Red River Valley line for operation, the Manitoba Central Railway to purchase the line for $750,000 and to give five year five per cent. bonds over the whole line, at the rate of $10,000 per mile to the Provincial Government, as security for the million advanced by them.

The Manitoba Central Railway Company will then have to pay no large discount for the money required for construction, and will have five years in which to place their bonds, by which time the value of the road will have developed itself, and the Government may realize upon their bonds, handing the surplus over to the Company.

The Company would issue the balance of the bonds ($6,000 per mile) to complete and equip the road. Supposing that the Government decline to accede to this proposition, which has the merit of being economical and practical, the Directors of the Manitoba Central Railway think that the proposed amendment to the Railway Aid Act should be further amended, so as to admit of the Government issuing their bonds instead of guaranteeing the Company's bonds, receiving as security therefor the Company's bonds in the ratio of $10,000 for every $8,000 of Provincial bonds so advanced.

The Manitoba Central Railway Company will then agree to purchase the completed and equipped Red River Valley Railway line for $750,000, upon the terms suggested by the Government.

The Manitoba Central Railway Company feels that it has a claim upon the consideration of the Government which should not be postponed or ignored. If these claims are acknowledged, they are prepared to act heartily with the Government in carrying out the scheme for bringing competing railways into the Province, by which the prosperity of the people and of the Province will be so immediately and beneficially affected.

I need only say that I coincide personally with everything set forth here, and shall be prepared to submit the matter to the judgment of the Legislature and of the people, if the Government does not see its way clear to accede to the wishes of the Company. As time is of so much importance, I shall feel obliged by receiving a reply to this communication as soon as possible.

Winnipeg, May 13th, 1887

THE HON. JOHN NORQUAY, M.P.P.
Winnipeg.

DEAR SIR,—I have just received the following despatch from Mr. Oakes, Vice-President of the Northern Pacific Railway Company, viz.:

"Stated in newspapers this morning that Manitoba Government have definitely decided to build "road to the Boundary as a Provincial enterprise. Has your charter been disallowed by the Dominion "Government, or is it likely to be? In such event do you propose taking out letters patent as suggested "when you were here. We are now ready to enter into contract with you. Will you come down here "or shall we prepare form and send it for execution."

As I am naturally anxious to reply to him definitely, I will be very glad if you will send me a reply to my letter of the 11th inst., at the earliest possible moment. Time is of so much importance in this matter that you will readily excuse me for the urgency with which I have pressed for a reply.

I remain,

Yours very truly,

(Sd) DUNCAN MACARTHUR.

COMMISSIONER OF RAILWAYS, MANITOBA.

Winnipeg, May 26th, 1887.

DEAR SIR,—I have to acknowledge the receipt of your communications of the 9th, 11th, and 13th inst., in reference to making railway connection at the Southern Boundary of the Province, and submitting several propositions in connection therewith, and in reply to state that the subject of connection with the Boundary was deemed of such importance by the Government that they placed in the speech from the Throne a paragraph foreshadowing action in the matter, that while they are very anxious to see more railway construction than they contemplate carrying out this season, they feel that they would not be justified in undertaking more than His Honour intimated would be done this year. The Government have already shown their earnest desire to promote Railway Construction in Manitoba by the aid extended to the Manitoba Southwestern and Manitoba Northwestern and Winnipeg and Hudson's Bay Railways and the southern connection being now deemed the most important to secure, the Government are determined to apply all their energies in attaining that object.

I can fully appreciate your anxiety to reach Portage la Prairie, the present eastern terminus of the Manitoba and Northwestern Railway, as well as the importance of such a link, but believe that the resources of the Province will be fully taxed in building and equipping a road to the Boundary this year.

I may add that it is not the intention of the Government to operate the road any longer than they can secure a responsible company to take it off their hands with such restrictions and provisions as will secure to the people of the Province cheap rates of transport.

I have the honour to be

Your obedient servant,

(Sd.) J. NORQUAY.

Winnipeg, May 17th, 1887.

DEAR SIR,—I am in receipt of your letter of the 16th inst.

At a full meeting of the Manitoba Central Railway Company held this morning, the whole question was fully considered.

We cannot but think that your Government has overlooked our very reasonable proposition to construct the whole road from Winnipeg to the Boundary and Winnipeg to Portage la Prairie for a loan of $100,000.00, the same amount as the Government propose to construct the line from Winnipeg to the Boundary.

We feel so strongly that the construction of the whole line through to Portage la Prairie is absolutely necessary to emancipate the entire Province from monopoly, and that the present moment is a most critical one in the history of Manitoba that no effort should be spared to have the line built this year.

In justice to ourselves and in the interests of the Province we would ask your Government to reconsider the terms of your last letter to me. We understand that the third reading of the Red River Valley Railway Bill will come up this afternoon.

I will await at my office till 2.45 p.m. to-day to receive a further communication from you. Should no reply be then received we feel compelled, as I have said, in justice to ourselves and in the interests of the Province to place our scheme and whole correspondence in the hands of the House, although very much against our personal feelings in the matter.

I am, Dear Sir,

Yours truly,

(Sd.) D. MACARTHUR,
President Manitoba Central R.R. Co.

COMMISSIONER OF RAILWAYS, MANITOBA.

Winnipeg, May 17th, 1887.

MY DEAR MR. MACARTHUR,

I think we can arrive at a better understanding by a good square chat than by correspondence, and would therefore ask you, if you can find time to come up to my office to-morrow any time before 11 o'clock.

Yours truly,

J. NORQUAY.

D. MacArthur, Esq.,
Pres. M. C. Ry., Winnipeg.

Winnipeg, May 18th, 1887.

MY DEAR MR. MACARTHUR,

In further reference to our conversation of this morning, concerning the projected railway to the boundary from the City of Winnipeg, I may add, that while I deem it in the public interest that the Government are the proper parties to undertake its construction, in view of the obstructions and complications that might arise, I again repeat to you, that the Government have no desire to operate or own the Railway, and I shall be prepared to submit to the Legislature a proposition to sell the road to the Manitoba Central Railway Company, for the sum of $750,000.00, payable in bonds of the road redeemable in five years at 5 per cent interest, or will lease the road at the rate of 5 per cent. on $900,000 for ninety-nine years to your Company reserving the right to give running powers over the road to such Companies as shall be approved by the Lieutenant Governor in Council, and also stipulating, that in local rates they shall be such as will be 10 per cent. lower than that charged upon any other line between Winnipeg and the boundary at any time, and that the road shall not be leased or sold to the C. P. R.

I may add that I am willing to carry out this discrimination in favor of your Company, in view of their constructing the link between Winnipeg and Portage la Prairie to connect with the Manitoba and Northwestern, which will then give the Province a complete system of competition, to which I know you have directed your attention and efforts for the last three years.

I remain,

Yours very truly,

(Sd.) J. NORQUAY,
Railway Commissioner.

Winnipeg, 18th May, 1887.

THE HON. JOHN NORQUAY, COMMISSIONER OF RAILWAYS, WINNIPEG.

MY DEAR SIR, I beg to acknowledge receipt of your letter of this date stating that you shall be prepared to submit to the Legislature a proposition to sell the Red River Valley Railway to the Manitoba Central Railway Company, for the sum of seven hundred and fifty thousand dollars ($750,000) payable in bonds of the road redeemable in five (5) years, at five (5) per cent. interest or will lease the road at the rate of five (5) per cent. on nine hundred thousand dollars ($900,000) for 99 years to our Company reserving the right of running powers over the road to such Companies as shall be approved by the Lieutenant Governor in Council, and also stipulating that in local rates they shall be such as will be ten per cent. lower than that charged by any other line between this and the boundary, and that the road shall not be leased or sold to the Canadian Pacific Railway Company.

And I have to say in reply, that I have laid your letter before the Board of the Company, and that the propositions contained therein have been accepted, and I now enclose herein a certified extract from our minutes to that effect.

I may add that as it is my intention to proceed to Montreal at the earliest moment after the agreement with my Company is in valid form with a view to making arrangements to construct the road from here to Portage la Prairie, it is of the utmost importance that the agreement between us should be completed as soon as possible.

I remain,

Yours very truly,

(Sd.) D. MACARTHUR.

Winnipeg, May 18th 1887

Extract from minutes of a meeting of the Directors of the Manitoba Central Railway Co., held this day.

"Moved by G. F. Carruthers, seconded by Wm. McGregor and resolved, That the offer contained in the Hon. Mr. Norquay's letters of the 18th inst. be accepted; and with a view to the early construction of the line to Portage la Prairie, the President be requested to complete the negotiations as soon as possible, and to sign the necessary agreements."

Certified to,

G. F. CARRUTHERS,
Acting Secretary.

D. MACARTHUR,
President M. C. R. R.

Winnipeg, 10th June, 1887.

THE HON. JOHN NORQUAY, PREMIER.

DEAR SIR,—As the charter of the Manitoba Central Railway will in all probability be disallowed by the Federal Government, we have taken the precaution to procure from the Provincial Legislature, an Act to incorporate the Winnipeg and Western Railway Company, the line of which will run from the city of Winnipeg westerly to the town of Portage la Prairie, and we trust to be able to construct the road at an early date, when satisfactory arrangements are made with your Government, and with outside companies.

As you are aware the Red River Valley Railway which will be constructed by your Government this year, covers the same line as that contained in the Manitoba Central charter which we have been endeavoring for the past three years by agitation of the Disallowance question, by Acts of your Legislature and in other ways, to have constructed. The building of the Red River Valley Railway will be of great benefit to Manitoba, but you will at once admit that in order to emancipate the greater portion of the Province from the C.P.R. monopoly, it will be necessary to extend the line to Portage la Prairie, making connection there with the Manitoba and Northwestern Railway, the only line in the country which is now independent of the C.P.R.

With this in view and in order to place us in a position to at once enter upon financial negotiations to construct the line to Portage la Prairie, we make the following proposition to your Government:

That the Government should give us a lease of the Red River Valley Railway for 99 years at a rental of 5% on the actual cost. The rent however, not to exceed $15,000 per year.

The Government also to give us the right to purchase the railway for $750,000 payable in bonds of the Company, maturing in five years with interest at 5% per annum. A condition of the right to purchase would be that the road from Winnipeg to Portage la Prairie, should be constructed by 1st November 1888, but in case of unavoidable delay and on good cause being shown, time may be extended by the Lieutenant Governor in Council, till, say 1st September, 1889.

We may say that there are very grave reasons why the construction of the road to Portage la Prairie, thus completing an independent system, should be *at once* assured, for if this be not done we fear the independence of the M. & N.W.R.R. may be lost, and thus a great and irreparable injury be inflicted upon the Province.

We would respectfully urge upon you the urgency of this question, the season is so advanced and not a moment is to be lost, if work is to be done this year, besides which the financial arrangements have yet to be made. On behalf of the Directors,

D. MACARTHUR,
President M. C. R. R.

This Contract and Agreement made between Her Majesty the Queen, acting in respect of the Province of Manitoba, and herein represented and acting by the Honorable John Norquay, Premier of the Province of Manitoba and Railway Commissioner for the said Province. of the First Part

And Duncan MacArthur, of the City of Winnipeg, in the said Province, Banker, acting as Trustee of the Second Part.

The party of the first part is hereinafter called the "Government" and the party of the Second Part the "Company."

It is hereby agreed between the said parties as follows:—The Government agrees that upon the Red River Valley Railway, being a Railway authorized to be built by the Government from the City of Winnipeg southerly to a point or points at or near the Town of West Lynne, being so far constructed as to be fit for the operation of a Railway to lease to the Company the said Red River Valley Railway or other Railway between said points which may be constructed by the Government, in whatever manner and under whatever authority such line of Railway between the said points may be constructed and all rights of way, roadbed, rails, ties, bridges, plant, rolling stock, station grounds, buildings, fencing, engines, telegraph system, or other way equipment, or real or personal property connected in any way with the said Railway for a term of ninety-nine years from the time the road is so leased by the Company, at a yearly rental of forty-five thousand dollars based upon five per cent. per annum interest upon nine hundred thousand dollars being the estimated cost of the said Railway, but should the said Railway with its rolling stock and equipment cost less than nine hundred thousand dollars then the said yearly rental is to be an amount equal to five per cent. per annum on the actual cost of the said Railway. Provided, that on default of payment of rent, the Government may take possession of the said Railway with its rolling stock and equipments. The Government agree with the Company that unless estopped by law or otherwise provided, they will construct the said Railway in a good workmanlike manner, and of as high a standard as to roadbed, rails, bridges, buildings and equipments and in every other respect, except ballasting, as the Pembina Branch of the Canadian Pacific Railway, and to hand over the said Red River Valley Railway to the Company as a fully constructed and equipped running road for the consideration aforesaid according to the specifications for the said Railway hereto annexed marked "B," the said equipment to consist amongst other matters of those enumerated in schedule "A" hereto annexed.

Provided, however, that the Government reserves the right to grant to other Companies running powers over the said Red River Valley Railway on such terms as may be approved of by the Lieutenant Governor in Council, provided that all income arising thereout, shall be received by and be the property of the Company. Provided, also that the local rates on the said Red River Valley Railway shall be subject to the approval of the Lieutenant Governor in Council. And the Government hereby further agrees with the Company to submit to the Legislature a Bill to authorise them that in the event of the Company desiring to purchase the said Red River Valley Railway, or such other line as aforesaid, under whatsoever authority and in whatever manner the same may be constructed by the Government, to sell to the Company the said Railway and all the said equipments, buildings and other appurtenances thereof, for the sum of seven hundred and fifty thousand dollars payable in bonds of the Company, redeemable in five years, with interest at five per cent, per annum payable half yearly, and on default of payment of interest for one year the Government may enter upon and take possession of the said Railway, its plant, rolling stock and other equipment: which bonds shall be a first lien on the road revenues, tools, rolling stock and other property of the said Railway both real and personal, the consideration for the said sale, being in addition to the said purchase money, that the Company agrees to construct or cause to be constructed a line of Railway of equal standard to the Red River Valley Railway, to run from the City of Winnipeg, to a point at or near the Town of Portage la Prairie, before the first day of September A. D. 1888, the right to purchase to arise only when the said Railway is constructed for operation.

Provided that in case of unavoidable delay and on good cause being shown that the Lieutenant-Governor in Council may extend the time for construction of the said Railway from Winnipeg to Portage la Prairie, to a date not later than the first day of September, A.D., 1889. Provided that during the currency of the said bonds the road, plant, rolling stock and other equipments of the Railway shall be kept at as high a standard as when the road is taken over by the Company under the said lease. It is hereby specially provided that the said Red River Valley Railway, and the said Railway from Winnipeg to Portage la Prairie shall at no future time be sold, leased, assigned or in any way transferred to the Canadian Pacific Railway or to the Manitoba Southwestern Colonization Railway Company or to any of their Directors or to any person or persons on their behalf

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In witness whereof the parties hereto have executed these presents at the City of Winnipeg, this 13th day of June, A.D., 1887.

SIGNED IN THE PRESENCE OF

(Sd.) CHESTER GLASS.

And the seal of the Province of Manitoba affixed by the Hon. John Norquay in presence of

(Sd.) CHESTER GLASS.

(Sd.) J. NORQUAY,
Ry. Com.

(Sd.) D. MACARTHUR,
Trustee

SCHEDULE "A."

Switches (about six miles).

Crossings at Public Roads.

Farm Crossings.

Culverts

Telegraph System.

Eight Stations as Specified in Schedule "B."

Two Grain Warehouses (Flat) Capacity about 4000 Bushels

Three Water Stations.

Section House accommodation for eight Sections.

Four Locomotive Engines.

Two First Class Passenger Cars.

Two Second Class Passenger Cars.

Two combined Baggage and Mail Cars

Two Cabooses.

Fifty Box Cars.

Fifty Flat Cars.

Six Cattle Cars.

One Wrecking Car.

Two Velocipedes.

Eight Hand Cars.

Eight Push Cars.

Two Iron Turn Tables.

Two Engine Houses as specified in Schedule "B."

And other equipments of a Railway as specified in Schedule "B."

(Sd.) J. NORQUAY,
Ry. Com.

Witness,
(Sd.) CHESTER GLASS

(Sd.) D. MACARTHUR,
Trustee

Winnipeg, June 13th, 1887

Winnipeg, 21st July 1887

THE HONOURABLE JOHN NORQUAY, RAILWAY COMMISSIONER.

DEAR SIR: I am instructed by the Board of Directors of the Winnipeg and Western Railway Company to inform you that the Company is now fully organized and in working order.

The Board are now and for some time past have been actively negotiating with capitalists to [illegible] Portage la Prairie this year.

The Directors feel confident of the hearty co-operation and support of your Government in the [illegible] to secure a competing line for the whole Province, and they will, as soon as definite results [illegible] acquaintance of the position of matters.

I remain, Dear Sir,

Yours truly,

D. MACARTHUR,
Sec.

Winnipeg, 21st July 1887

DAVID MACARTHUR, ESQ.,

DEAR SIR: I have to acknowledge the receipt of your favor of yesterday's date informing me [illegible] working order. I trust they will proceed with construction [illegible]

Yours [illegible]

J. NORQUAY.

Pro [illegible]

THE HON. JOHN NORQUAY, RAILWAY COMMISSIONER.

SIR: As intimated in my letter of the 21st inst., the Winnipeg and Western Railway Company whose line is intended to be operated in connection with the Red River Valley Railway, has been duly organized, and I am now requested by the Board to inform you that the Company is most anxious to complete connection with Portage la Prairie this season, in order to be in a position to carry out as soon as this year's crops as possible, and to accord general transportation facilities to the public.

[illegible] some past negotiations have been going on with capitalists for funds to build the road [illegible] experienced [illegible]

[illegible] To the want of a land grant, or other franchise, on which to base an issue of bonds.

[illegible] To the shortness of the road and it being a mere link in a system, and consequently at the [illegible] dependant for its existance on the roads with which it connects.

[illegible] however, now to a question to make the following proposition viz.: If the Government will [illegible] bonds of say, $250,000 [illegible] to purchase the rails and fastenings, the Winnipeg and Western Company will assume the responsibility of finding all the remainder of the funds required, [illegible] work will be commenced [illegible] road will be constructed and in operation [illegible] unless prevented by unforeseen and unavoidable causes. I may state that the Winnipeg and [illegible] Company will take the above mentioned bonds [illegible] Provincial bonds, thus taking all trouble in [illegible] with the negotiations off the hands of the Government.

It is proposed that the Winnipeg and Western Railway should be run south of the Assiniboine [illegible]

[illegible] To shorten the distance between here and Portage la Prairie, and

[illegible] To open up a new district of country which has at present no Railway facilities; nor, in the [illegible] this road not being constructed, likely to have for many years to come, and this [illegible] sufficient to justify the granting of the bonds which is now sought. The cost of the road, owing to the necessity of putting an Iron Swing Bridge across the Assiniboine [illegible] Portage la Prairie will at least amount to $850,000.

If this proposal is accepted a few unimportant changes in the agreement which we have with the

Government with respect to the operation of the Red River Valley road would have to be made, and it will be necessary in order that we may purchase the rails, to have your decision not later than the 1st prox.

I remain,

Yours truly,

(Sd.) D. MACARTHUR, *Prest.*

P.S.—I may add that the arrangements I have made for the money to construct the Winnipeg and Western, cannot hold for an indefinite time, and if we cannot make the proposed arrangements with the Government the road cannot be constructed this year, and I regard with great apprehension any delay that may occur in building this road. It will take about two months to get the iron on the ground even if ordered now, that would be about the end of September, thus leaving only one month open to lay the track.

I may also add as showing the obligations which the Winnipeg and Western Company have undertaken that they will have to provide about $100,000 to start the running of the road in the way of purchasing coal and supplies of various kinds, etc.

Winnipeg, 4th August, 1887

THE HON. JOHN NORQUAY, MINISTER OF RAILWAYS.

SIR:—At our last interview, you expressed a fear based on a certain rumour, that the Manitoba and Northwestern Railway, was under offer of sale to the Canadian Pacific Ry. Company, or that it was the intention of the former road to sell to the latter.

I now enclose a letter from Mr. Andrew Allan, President of the M. & N. W. Ry. Co., denying in express terms both of those rumours.

My offer was, to build the road from Winnipeg to Portage, either on the south or the north side of the Assiniboine this season if possible, for a bonus of $250,000, I am not sure that I made it clear that that bonus would be accepted in 5% 50 years Provincial bonds, *after the road was in operation*, and that the guarantee of good faith which I propose to give to the Government and to the country, was to turn on as many of the force now grading the Red River Valley Road as might be necessary, and to commence the work without a day's delay.

Yours truly,

(Sd.) D. MACARTHUR

Winnipeg, 13th August, 1887,

THE HON. JOHN NORQUAY, RAILWAY COMMISSIONER.

SIR,—In addition to the assurance contained in Mr. Andrew Allan's letter, I have now to say, that I am willing to transfer to your Government, as a pledge of good faith that no attempt will be made by me to sell out the M. & N.W.R. to the C.P.R., all the stock which I now hold in the former road, for a period of five years from this date.

Yours truly,

(Sd.) D. MACARTHUR

COMMISSIONER OF RAILWAYS, MANITOBA

Winnipeg, August 15th, 1887.

I have the honor to acknowledge the receipt of yours of the 4th inst. enclosing a letter from Mr Andrew Allan, contradicting the rumors that "The Manitoba and Northwestern Ry Co., intended selling out to the Canadian Pacific Railway.

I have also to say in reference to your offer to build from Winnipeg to Portage la Prairie, provided a bonus of $250,000.00 were afforded by the Province in five per cent. fifty year Provincial bonds, that I cannot see my way clear to advise the acceptance of such an offer until such time, as I ascertain how "The Manitoba and North Western Railway Co." are prepared to meet their obligation to the Government with regard to the interest that is overdue on the bonds issued and already given in aid of that enterprise.

The limited resources at our disposal and the heavy obligation undertaken, with such a failure on the part of the Manitoba and Northwestern Railway Co., cripples us very materially, and I would much rather wait until Mr. Brydges returns from England to see how these obligations are to be met, before I can see my way clear to assume new responsibilities on behalf of the Province.

I have the honor to be, Sir,

Your obedient servant,

D. MacArthur, Esq.,
Prest. Winnipeg & Western Ry. Co., Winnipeg.

J. NORQUAY,
Railway Commissioner.

16th August, 1887.

THE HON. JOHN NORQUAY, RAILWAY COMMISSIONER.

SIR,—I beg to acknowledge the receipt of your letter of the 15th inst. in reply to mine of the 4th inst. I note that you cannot see your way clear to accept my offer to construct the Winnipeg and Western Railway this season from Winnipeg to Portage la Prairie for a bonus of $250,000 in Provincial 5% bonds until such time as you ascertain how the Manitoba and Northwestern Railway Co. are prepared to meet their obligations to the Government with regard to the interest that is overdue on their bonds, issued in aid of that road. In reply I have to say that the Winnipeg & Western Railway is an entirely distinct enterprise from the Manitoba & North Western Railway Company. My communications to you in connection with the proposed bonus were on behalf of the Winnipeg and Western Company, who have upwards of $600,000, available to go on with the work, which sum with the above bonus, would enable them to complete the road this year, and thus afford facilities to the western portion of the Province to get transportation on fair terms and at the same time emancipate the Province from monopoly as far west as Brandon, and I desire to receive for the information of the Winnipeg & Western Company, an answer to my communication to you on their behalf

I am, Sir,

Your obedient servant,

(sgd) D. MACARTHUR,
President

No answer was received to this and the following letter.

Winnipeg, 17th August, 1887.

THE HON. JOHN NORQUAY, RAILWAY COMMISSIONER.

SIR,—In reference to my former communication to you with regard to the bonus sought by the Winnipeg & Western Railway Company, I now beg to amend my proposition, as follows:

The Winnipeg & Western Railway Company, will undertake to construct the line from here to Portage la Prairie for a bonus of $200,000, say two hundred thousand dollars, to be paid when the road is in operation, in 5% 50 year Provincial bonds.

As an assurance of our good faith in this matter, I am willing to transfer to the Government, my entire interest in the Manitoba & North Western Railway, the same to be forfeited absolutely if the road is not constructed. My interest amounts to upwards of $250,000.

Yours truly,

(sgd) D. MACARTHUR

The promoters of the Company, by their Solicitor, J. B. McArthur, Q.C., during the month of January 1888, obtained verbal assurance from the Hon. Mr. Greenway that he would place the Manitoba Central Railway Company in the same position as it occupied, prior to the disallowance of its Act of Incorporation in 1887, and he also promised to enact an amendment to the Railway Aid Act to enable the Government to guarantee the interest on the bonds of the Company to the extent of $8,000 per mile. He reprobated, in the strongest terms, the treachery of Mr. Norquay towards the Company, and promised to forward its wishes by every means in his power. He was given a copy of the agreement between the Provincial

Government and D. MacArthur as representative of the Company, and a copy of the correspondence between the Company and the Norquay Government, and copies of the amendments that the Company sought to have made in their Act of Incorporation and in the Railway Aid Act of 1885

On the 16th of January, 1888, he gave to Mr. J. B. McArthur, a letter, of which the following is a copy.

Winnipeg, Man., 16th Jan., 1888.

Private and Confidential,

MY DEAR MCARTHUR,—Referring to your letter of the 16th inst., I have no objection to say to you that my policy will be to hand over the Red River Valley Road as it now stands to a Company prepared to carry it to completion, and which will also be able to give connection with Portage la Prairie.

I acknowledge the claims of the Manitoba Central Railway Company to precedence in the matter of legislation, as I think its efforts in the past to secure competition in railways has been to the public interest. I have therefore, no hesitation in saying that I will recommend the passage of the Act to incorporate that Company, and that, if disallowed, I will if desired, re-enact it if necessary to re assemble the Legislature in order to do so.

Yours truly,

THOS. GREENWAY.

During the time occupied by the re-election of members of the new Government, and prior to the meeting of the Legislature, the representatives of the Company had several conversations with Mr. Greenway, and they were requested by him to present a formal statement of the wishes of the Company that might be considered in Cabinet Council. As the Act of Incorporation had been disallowed, a meeting of the principal promoters of the Company was held, and the following statement was handed to Mr. Greenway:

Winnipeg, February 27th., 1888.

The promoters of the Manitoba Central scheme desire to call the attention of the Provincial Goverment to the following statement of their position.

Orginally organized in 1883, the Acts incorporating the Company have thrice been disallowed by the Dominion Government. In advocating thus practically an anti-disallowance policy, both in this Province and at Ottawa, the Company has expended over $10,000.00

The promoters may therefore justly claim that their efforts have largely conduced to the present situation in Manitoba politics and to the diffusion of knowledge as to the effects of the policy of the Dominion Government in the other Provinces of the Dominion.

The promoters think that for these reasons their scheme has a claim to consideration from the Government.

They propose to ask the Government to re-enact (with some amendments) the acts passed last session to incorporate the Manitoba Central Railway Co., and to amend the Railway Aid Act. These Acts being not only originated by the Norquay Government, but passed by the Legislature, all opposition to them would be disarmed.

The Railway Aid Act of last session contemplated only the construction of the line to the International boundary. The Company now proposes to undertake not only the construction to the boundary but to Portage la Prairie, and consequently ask for an extension of the proposed guarantee from $550,000 to $1,000,000.

For the guarantee of $1,000,000 of the Company's 25 year 5 per cent bonds, the Company will undertake the construction of the line to Portage la Prairie, and to repay to the Government the ascertained cost to the Province of the Red River Valley Railway and equipment.

Should the Government, however, think that it will be advisable to complete the construction of the Red River Valley Railway line as a Provincial enterprise, the Company will then undertake the fulfilment of the existing agreement, made with the predecessors in office of the present, for the lease or purchase of the Red River Valley Railway line upon completion, and will undertake to build the connecting line to Portage la Prairie for a guarantee of the Company's bonds to the extent of $8,000 per mile.

The promoters submit herewith copies of the proposed Acts as amended, also copies of the correspondence and agreement made with the Provincial Government, re the Red River Valley Railway line.

The Company will be prepared to show that it has in sight the money requisite for the punctual performance of the obligations proposed under the Acts in question.

On behalf of the promoters,

THOS. C. SCOBLE.

To this communication the undersigned received the following reply:

Winnipeg, February. 29th, 1888

DEAR SIR,—I just received your proposition re Manitoba Central Railway matters, yesterday and have laid the matter before my colleagues, who fully recognize the work done on behalf of the Province by the Company which you represent. The Government will be pleased to assist in passing certain legislation which you require to revive the Manitoba Central Railway Company's charter, with certain amendments. With regard to the construction of the R. R. V. R. the Government have decided that in order to ensure its early completion it is advisable to undertake the work themselves. When that is done it may be possible for us to negotiate with your Company with regard to the construction of the line to Portage la Prairie, securing the Western connection which you desire.

Your obedient servant,

(SGD.) THOS. GREENWAY.

T. C. Scoble, Esq.,
City.

Immediately upon the receipt of the above, a representation of the Company waited upon the Hon. Mr. Greenway, and asked an explanation of the letter, pointing out that if the Government contemplated postponing the construction of the line to Portage la Prairie until after the completion of the R. R. V. R., that the line would not be built this year, and that only Winnipeg would be benefitted by competition. Mr. Greenway stated that the Government had not finally decided upon its Railway policy, and that he proposed to submit the whole matter to caucus, before making any absolute statement of his intentions. That his letter must not be taken as an intimation that he did not intend to fulfil his promises to the representatives of the Company with regard to the Manitoba Central, which he had every desire to see undertake the work, as he disapproved of a Government undertaking the construction of Railways.

On the 3rd March, Col. Scoble accompanied the Hon. Messrs. Greenway and Martin to Ottawa, and in conversation with the former he alluded to the above mentioned interview, saying that in view of the apparent intention of the Dominion Government to abandon a disallowance policy, it would no longer be necessary for his Government to complete the R. R. V. R. line, and he would be very glad if such were the case. From the tenor of his conversation, it was understood that should the disallowance policy be forsaken by the Dominion Government, the Manitoba Government would accept the proposition of the Manitoba Central Railway Company, dated February 27th 1888.

Subsequently on several occasions, between the date of departure from Winnipeg, (March 3rd) and the return of the delegation, on the 4th April, 1888, Mr. Greenway informed Col. Scoble that but for the opposition of the Hon. Mr. Martin, who was desirous that the Government should retain the construction in their own hands, he would immediately accept the proposition of the Company, dated the 27th February, 1888.

A few days before the House met in April, Col. Scoble saw the Hon. Messrs. Greenway, Smart, Jones and Prendergast, in the Premier's office, and explained to them the proposition which the promoters of the Manitoba Central Railway had made to the Government on the 27th of February. He told them that the Company was prepared to guarantee that the Manitoba Central Railway should be an independent line, open to all foreign connections, that it would give the Government the control of the local rates, and would pay back to the Government the cost of the Red River Valley Railway. Several questions were asked by the several members of the Government then present, which were answered, apparently to the satisfaction of the Government. Subsequently, Col. Scoble was told by Mr. Greenway, that Martin and Jones were opposed to carrying out the arrangements proposed by the Company in consequence of their personal dislike to Mr. Duncan MacArthur; but that he would bring the matter before the caucus of his supporters in the House and he thought that it would confirm his acceptance of the Company's proposals. When the House met, Mr. Martin pushed his "Act for the construction of certain railway lines" through

the House before the Manitoba Central Act was considered, although Mr. Greenway had promised that the Company should have the first legislation. Col. Scoble saw Mr. Greenway with reference to this matter, and he told him that Martin was so headstrong that he could not control him, and that Martin's Act was forced through the House without previous consultation with him, but that he had introduced clauses in the latter part of the Bill, on purpose to enable the Government to deal with the Company. This delay was very annoying to the Company, and Mr. Greenway assured its representatives that it was altogether in consequence of Mr. Martin's opposition.

The Act incorporating the Company was finally introduced and went through its readings and was assented to on the 18th day of May, 1888, Martin's Act having the priority, being assented to on the 30th of April, and having been immediately acted upon by Mr. Martin, as Railway Commissioner, before our Company could be organized under the provisions of its Act of Incorporation.

The Act of Incorporation of the Company having passed its three readings, the Board of Provisional Directors met, organized and reported their readiness to commence operations as a corporation to the Hon. the Premier, and the Hon. the Commissioner of Railways, on the 10th of May 1888; reminding them that as the Act of Incorporation prescribed that the work should be commenced before the 1st July, and be completed on or before the 1st October and the 1st November respectively, it was imperatively necessary that the Company should know without delay if it was the intention of the Government to accept the first or second terms proposed by the Company on the 27th of February. To this letter no answer was returned.

On the 14th May the Board of Directors passed a resolution appointing the President, Mr. D. MacArthur; the Vice President, Col. T. C. Scoble, and Mr. R. P. Roblin, one of the Directors of the Manitoba Central Railway, a delegation to wait upon the Government in order to ascertain the position which the Company occupied, as it seemed impossible to obtain an answer to written communications.

An appointment was made with the Hon. Mr. Greenway for the morning of the 15th May, and the delegation met Mr. Greenway. No other Minister was present at the time. The delegation repeated the offer that had been made on the 27th of February, and informed Mr. Greenway that they had all arrangements made to carry out their proposition. They guaranteed that the Red River Valley Line should be an independent line, open to all Southern connections, and that the Government should control the local freight tariff; that they would accept the guarantee of the interest on $5,000 per mile as offered by Mr. Greenway, the sum having been reduced from $8,000 per mile by the Legislature. Mr. Greenway said that he would recommend an additional bonus of $100,000 to enable the Company to complete the line into Winnipeg, to provide terminal accommodation, and to build the two bridges over the Assiniboine. The delegation accepted his proposal, and expected to be immediately placed in a position to go on with the work, but received no official communication from Mr. Greenway, he having left almost immediately after the interview for his home at Crystal City.

The Hon. the Commissioner of Railways having advertised for tenders for construction of the line to Portage la Prairie, the following telegraph was sent to the Hon. Mr. Greenway, at Crystal City, on May 26th:—Martin advertises for proposals for construction to Portage la Prairie. No answer received to our proposition. Is it declined?" receiving the following reply:—"Know nothing of matter about which you wire, will be home next week." On Mr. Greenway's return, at an interview with two representatives of the Company, at the Grand Union Hotel, he positively denied any knowledge of the advertisement in question, and said that the matter was as he had previously assured the delegation from the Company. That the opposition to the Company's plans proceeded solely from Martin, and that he was giving him rope in order that he (Martin) might hang himself. The following letter was addressed to Mr. Greenway and handed to himself personally at this interview.

Winnipeg, May 28th, 1888.

SIR,—Referring to the interview between yourself and the President, Vice-President, and one of the Directors of this Company, held in your office at the Parliament buildings on 15th inst. when you assured the delegation representing this Company that it was your intention to deal with them in the matter of building the line to Portage la Prairie and of operating that in connection with the Red River Valley Railway, I have the honor to draw your attention to the fact that no time should be lost in perfecting the details of our arrangements, as the Act of Incorporation prescribes that if our Company accepts aid under the amended Railway Aid Act, we must commence work before the 1st July. I need not point out to you that before the work is commenced, surveys must be made and the location perfected, tenders for construction called for, and rails ordered. Nothing of all this can be done until definite arrangements are made with the Government. We have already assured you of our readiness to enter into immediate agreements for the performance of the work, and consequently are not responsible for any delay that has arisen.

We beg therefore that you will appoint an early hour for an interview with our Board to settle the details of arrangements according to the basis already agreed upon.

I have the honor, &c.,

(Sd.) T. C. SCOBLE,

Vice Prest. M. C. R. R.

No answer was vouchsafed to this letter.

On the 29th May, fearing that improper construction might be placed on our reticence if the Company did not tender for the work advertised, the following letter was written and handed to the Premier.

Winnipeg, 29th May, 1888.

SIR,—I have the honor to inform you that the Company that I represent is willing to undertake the construction of the portion of their line between Winnipeg and Portage la Prairie, making connection with the Red River Valley Railway at its present terminus, and build the two bridges over the Assiniboine River at Winnipeg and Portage la Prairie, and furnish terminal facilities at both points, for the guarantee proposed by Government on $5,000 per mile, and a bonus toward construction of bridges, &c. of $100,000.00.

The Company estimates that the cost to the Government of the construction of the 3½ miles between the present terminus of the R. R. V. R. and its proposed terminus in the city, would be about $35,000. That the cost of the iron bridge over the Assiniboine would be at least $50,000 and that right of way and terminal facilities would cost at least $25,000 or $110,000.00 in all. In carrying out this work the Government will have all the difficulty of settling the conflicting question of terminal sites, which can be better handled by a Company independent of the political pressure which is now involved in the settlement of the question.

As the Company now holds an agreement made under the Provincial seal, for the lease or purchase of the Red River Valley Railway upon its completion, and as it is most important that the Red River Valley Line and the Portage la Prairie Line should be a part of the same system; the Company feels that the construction and operation should be considered as a part of the proposition and should be adopted as a whole. The agreement provides that the Company shall pay a rental of 5 per cent. on the cost of the Red River Valley Railway construction, and shall have the right to purchase the road for $750,000 upon the completion of the line to Portage la Prairie. As this agreement was made by the late Government, the adoption of its provisions are beyond the criticisms of the opposition.

I have the honor, &c.

(Sd.) D. MACARTHUR,

Pres. M. C. R. R. Co.

No answer was received to this letter, but on the 5th of June Messrs. Roblin and Scoble had separate interviews with Mr. Greenway, in which he assured them that he meant to carry out his proposition of the 15th May. As the Hon. the Commissioner of Railways denied in the "Sun" of the 5th June that any tender had been put in by our Company, the following letter was addressed to the Hon. Mr. Greenway.

Private. *Winnipeg, June 5th.,* 1888.

MY DEAR SIR,—I enclose herewith a cutting from to-night's "Sun" which will give you the methods adopted by the Hon. Commissioner of Railways as soon as your back is turned.. In the face of the assurance given to Mr. Roblin and myself this a.m. it is most perplexing that a member of the Government should make such a statement, when he must, or should know, that our Company lost no time in handing to you personally, a proposal embodying the suggestions made by you to Messrs. MacArthur, Roblin and myself at our interview with yourself on the 15th instant.

I am further informed by the person who interviewed him, that Mr. Martin led the interviewer to understand that there was not any probability of our Company building the road, as our demands were excessive. How he could think so, and deny the reception of any proposition, I will leave him to explain.

Trusting that you will set this matter at rest without any furthur delay.

I am, yours truly,

Hon. Thos. Greenway, (Sd.) THOS. C. SCOBLE.

On the 12th of June, Col. Scoble waited upon Mr. Greenway by appointment, at his office, and was informed by him that for a certain reason which he would explain later, he wished the offer of the Manitoba Central Railway to contain no reference to the cash bonus he had promised the delegation from the Company on the 15th of May. Under his instructions the following letter was written:

Winnipeg, June 12th, 1888.

SIR,—As an alternative offer to that made by me on the 29th ult., the Company which I represent is willing to undertake the construction of the line from Winnipeg to Portage la Prairie, and to operate the whole line from the International boundary to Winnipeg and Portage la Prairie, for the Government guarantee of the interest at 5 per cent. per annum upon $5,000 per mile of the constructed line, with the right to purchase the line known as the Red River Valley Line and the equipment upon completion of the line to Portage la Prairie for the sum of $750,000 the Government furnishing sufficient terminals, and building sufficient bridges, at Winnipeg and Portage la Prairie.

I have the honor to be, Sir,

Your obedient servant,

Hon. T. Greenway. T. C. SCOBLE,

Managing Director Manitoba Central R. R.

Mr. Greenway told Col. Scoble that if he would send him this proposition officially that he, (Greenway) would accept it at once. Accordingly, an official copy of the draft he had dictated was sent to him by the Solicitor of the Company within an hour after Col. Scoble's interview. Mr Greenway told the Solicitor that he could have the official answer accepting the proposition at 2 p.m. At that hour he postponed the answer until 7 p.m. At 7 p.m. he postponed the answer until the following day. In the meantime the Solicitor and Chief Engineer of the Northern Pacific Railway Company had arrived in Winnipeg to complete the arrangements which our Company had initiated with the Northern Pacific Railway Company for the construction and operation of the Manitoba Central Railway. On their arrival at 5:30 p.m., and whilst Mr. Greenway was holding his answer to our Company in obeyance, Mr. Martin made the representatives of the N. P. a private visit at their official car. The next morning, Col. Scoble took the officials of the N. P. to the Government buildings and introduced them to Mr. Greenway. During the interview, Mr. Martin came into Mr. Greenway's office, and was introduced to them as though meeting them for the first time. Before leaving the room, he asked the N. P. officials for a private interview in his office. Col. Scoble told Mr. Greenway that he feared that Martin was plotting mischief, and asked him, (Greenway) to go with them so as to see that nothing detrimental to the Company's interests was proposed. At that time the Company had the utmost confidence in Mr. Greenway's truth and honor, and in his intentions to carry through the engagements he had made with the Company.

The next day, June 13th the Company was surprised to learn from the N. P. officials that the Government (including Mr. Greenway) had proposed that they (the N. P. officials) should abandon further negotiations with our Company, and deal directly with the Government; claiming that our Company had no right to consideration, and that the proposed Company could organise under the General Railway Act, and ignore our charter. This the N. P. officials declined to do, as they said they wanted our local influence and our charter. They suggested, however, that as the Government was determined to throw us overboard as principals, that our Company should allow them, (the N. P. officials) to complete the negotiations, and that they would then fulfil their agreement with our Company.

Accordingly, from that time, our Company remained in the background, assisting the N. P. officials with advice when requested to do so, but abstaining from direct communication with members of the Government.

In the meantime, while negotiations were in progress between the Government and the N. P. officials, it was necessary, in order to comply with the provisions of our charter, that we should commence work. This we did under arrangement with the officials of the Northern Pacific Railway. It was also

necessary that we should put up $25,000 in valuable securities, with the Government, as a guarantee of "bona fides." This we also did, on Saturday the 7th July, obtaining the receipt of the Provincial Treasurer for the deposit.

On the 9th July, Col. Scoble was requested by the Solicitor of the Northern Pacific to join the chief Engineer of that Company in Chicago, and to leave Winnipeg the next morning. He did so, and visited Montreal and Ottawa with the Chief Engineer on the business of the Company. While on the way he was informed by the Chief Engineer that Messrs. Greenway and Martin were to go to New York to meet the Board of his Company, and he (the Chief Engineer) left Col. Scoble on the 22nd July in order to join the Solicitor of that Company then on his way to New York, it being understood that Col. Scoble was to await his (the Chief Engineer's) return at Chicago. The Chief Engineer's return having been delayed beyond the specified time, on the 1st August, Col. Scoble met the Solicitor of the N.P. in St. Paul, and was informed by him that the Government proposed assembling the Local House to ratify the agreement entered into with his Board of Directors, and that the House would meet on the 28th August. Subsequently it was ascertained that the Government proposed to enact a new charter to incorporate the Northern Pacific and Manitoba Railway with a view of depriving our Company of the position it then held under its charter and the agreements with Government. Accordingly the following letter was addressed to the Hon. the the Railway Commissioner

Winnipeg, August 18th, 1888.

SIR,—I have the honor, in view of the proposed legislation reported in the public press, to call your attention to a contract made between the Queen, represented by the Railway Commissioner of the Province of Manitoba, and myself as Trustee, dated the 13th day of June, 1887, under and by virtue of which contract the Government of the Province of Manitoba agrees to lease to the Company represented by me, the railway known as the Red River Valley, for the term of 99 years, and otherwise as the said contract sets forth. I have further to inform you that my principals are ready and waiting to carry out the terms of the said contract in all its details.

I have further the honor to notify you that I shall claim and insist upon the carrying out of the said contract in all its terms, and desire to have the lease executed at once, so that on the completion of the said railway in a few days to come we may at once commence operating the same to the boundary line.

I have, &c.,

(Sd.) D. MACARTHUR,

President M. C. R. R.

THE HONORABLE JOSEPH MARTIN, RAILWAY COMMISSIONER, MANITOBA.

OFFICE OF COMMISSIONER OF RAILWAYS, MANITOBA.

Winnipeg, Man., Oct. 10*th*, 1887.

DUNCAN MACARTHUR ESQ., WINNIPEG.

SIR,—Yours of the 31st August received. In reply I would say that the Order in Council under which the agreement was entered into between the Railway Commissioner and you, was repealed in October 1887 by the late Government.

Between the time of passing of the first Order in Council and its repeal, the Red River Valley Railway Act was disallowed.

For this and other reasons, the Government are of the opinion that the agreement for the lease entered into between you and the Railway Commissioner is not valid and binding upon the Province.

I may say that it would appear to me, that you yourself must have taken that view of this matter, otherwise you would scarcely have sat in the House rendering yourself liable to a large penalty every day.

Your obedient servant,

(Sd.) JOSEPH MARTIN,

Railway Commissioner.

It will be observed that forty days had elapsed between the date of the President's letter and the Railway Commissioner's reply. The following letter completes the correspondence:

MANITOBA CENTRAL RAILWAY COMPANY.

Winnipeg, October 15th, 1887.

THE HON. J. MARTIN, M. P. P., RAILWAY COMMISSIONER, etc., etc., WINNIPEG.

SIR,—I have the honor to acknowlede the receipt of your letter of the 10th inst., and in reply have to state that I have never been a party to, or in any way consented to, any Order in Council, rescinding the Order in Council under which the agreement between the Railway Commissioner and myself, as the Trustee, was repealed; nor as such Trustee, have I in any way attempted to part with the rights of my *cestui qui* trusts. On the contrary, the duty of protecting those rights devolves upon me, and I must perform that duty. I may say that I am advised, and believe the agreement is valid and binding for the purposes for which it was made, and therefore cannot withdraw it, or rebate any of the rights it gives me as such Trustee.

In regard to the last paragraph of your letter, I have only to say, that during the time I sat in the House, I was a duly qualified representative, and never rendered myself liable to a penalty of any kind.

I have the honor, &c.,

(SD.) D. MACARTHUR,
Prest. Man. Central R. R. Co.